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ABSTRACT

The following articles appear in this document devoted to debating whether credit privacy laws should be revised: "Who's Looking at Your Credit Report?" (Holstein); "Credit Reporting System Doesn't Need Fixing" (Ulrich); "The Fair Credit Reporting Act (FCRA); A Remarkable Success" (Kurth); and "Revisit Law To Protect People's Credit Records" (Goldman). The document also contains an index to previous issues. (CML)

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CONSUMERS

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"Who gets to look at your credit report? A lot of people."

Elgie Holstein, Executive Director, Bankcard Holders of America

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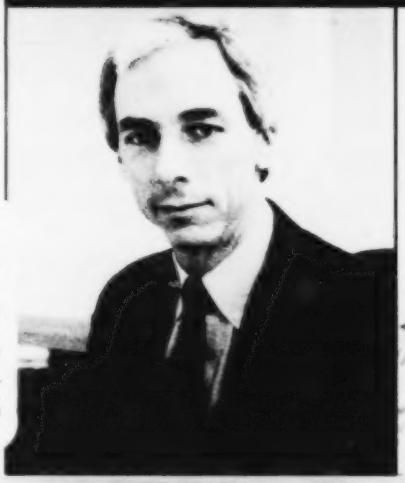

"Access to one's records is a cornerstone of information privacy legislation. . . ."

Janlori Goldman, Staff Attorney, ACLU Project on Privacy and Technology

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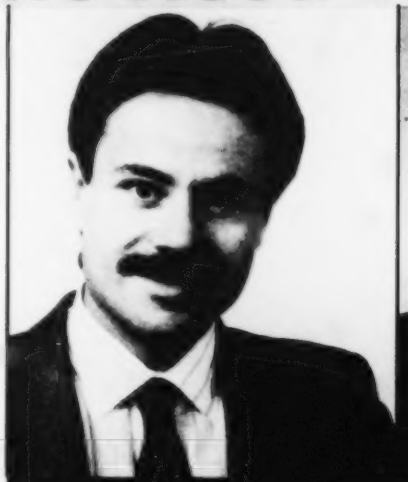
Resolved: Credit/Privacy Laws Need To Be Revised



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"The FCRA has well served consumer and industry interests during . . . two decades. . . ."

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Walter R. Kurth, President, Associated Credit Bureaus, Inc.

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Who's Looking At Your Credit Report?

Elgie Holstein, *Executive Director, Bankcard Holders of America*

If you have ever wondered about those "*pre-approved*" credit card offers that keep turning up in your mailbox, you are not alone. Every month millions of Americans receive credit card solicitations from major banks requiring little more than a signature to receive a card. What's going on behind the scenes? Credit bureaus are combing their 500 million consumer credit files to find the names of people whose income, debts, bill-paying history and other personal financial, demographic and legal information matches certain credit-granting criteria. The credit bureaus turn over the names and addresses of those who pass this "*pre-screening*" to their bank customers, which pay for the service. The banks then send out the card offers.

While there is nothing illegal about this practice, provided that all those who pass the screen receive a legitimate offer of credit, many Americans are not sure they like the idea that personal information about their financial lives is routinely sorted, analyzed, bought and sold. Such practices raise fundamental questions about who is looking at the personal financial information that most Americans believe and expect is kept confidential by the credit industry.

Fair Credit Reporting Act Is Out Of Date

At issue is whether the federal Fair Credit Reporting Act (FCRA), passed eighteen years ago, adequately protects the privacy of the millions of Americans about whom the nation's credit bureaus daily collect and sell information. The consensus among consumer organizations and privacy protection watchdog groups is that the law must be strengthened.

Who gets to look at your credit report? A lot of people. The Fair Credit Reporting Act names several specific "*permissible purposes*" for which someone's credit report may be "*pulled*", including the extension of credit, insurance underwriting and employment-related reasons. The Act requires that you have a "*legitimate business purpose*" for obtaining credit information, but, in practice, thousands of people have access to credit reports, and the ability of law enforcement agencies to monitor closely that access is limited.

Who Knows About Us?: The Credit Reporting Industry Today

Technological innovations have advanced the credit reporting industry to the point that it would be almost unrecognizable to those who wrote the FCRA nearly two decades ago. Today the computer files of the nation's three major credit bureaus, together with about 200 smaller affiliates, hold hundreds of millions of credit reports. The information in those files can and does move quickly. For example, in a single day industry giant TRW can distribute electronically over one billion characters to its on-line subscribers — banks, credit unions, department stores, auto dealers and others.

The problem is that as thousands of subscribers — and their employees — have gained access through their computer terminals to millions of credit reports, the vulnerability of the system to abuse has increased. How does a credit bureau know whether a subscriber's request for a credit report is legitimate? Since consumers are not routinely notified when someone has looked at their credit reports — and why — how can they be sure their privacy is adequately protected?

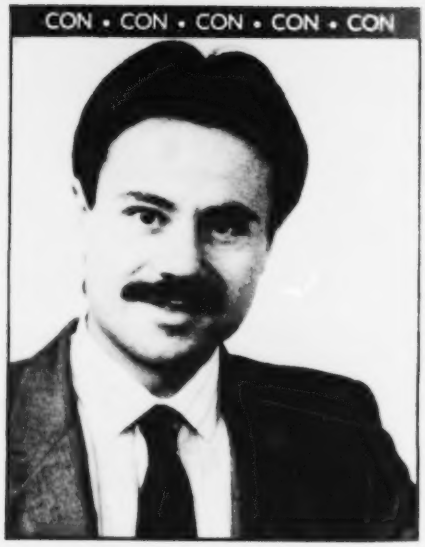
Privacy Abuses

Not long ago, Vice President Quayle was surprised to read in a *Business Week* magazine cover story that one of the magazine's editors had perused his personal credit report. The editor had gained on-line computer access to millions of credit files merely by claiming that he needed credit information in connection with some hiring he planned to do. In addition to the Vice President's credit file, the editor checked the credit backgrounds of several colleagues at the magazine as well as that of a U.S. Congressman.

In the wake of the *Business Week* story, the credit industry cried foul. They complained that it is not their fault if somebody misleads them about why they want access to credit files. Nevertheless, the case highlights the vulnerability of a system that today puts personal credit information about millions of Americans within easy reach of thousands of outsiders.

In the end, it is pretty much up to the credit bureau to decide whether a request for information about your income, marital status, credit obligations, bill-paying history, etc. is legitimate. But with thousands of subscribers and their employees given on-line access to credit bureau files, how safe can the system be?

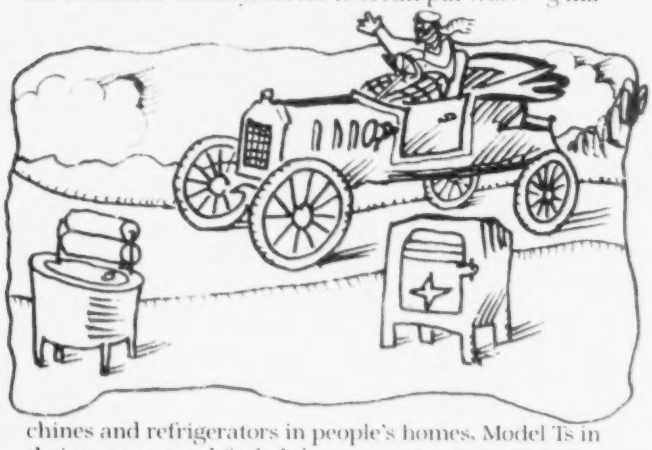
continued on page 6



Credit Reporting System Doesn't Need Fixing

Craig Ulrich, *Vice President and General Counsel, Consumer Bankers Association*

U.S. consumers enjoy wider access to credit than the citizens of virtually any other country. As the nation entered the twentieth century, access to credit put washing ma-



chines and refrigerators in people's homes, Model Ts in their garages, and fueled the economic expansion after World War II.

Necessary to this availability of credit was the growth of local credit bureaus which shared information on people's bill paying habits. The credit reporting industry steadily grew in scope, and the advent of computerization both increased its efficiency and contributed to concerns regarding personal privacy.

Fair Credit Reporting Act (FCRA)

The Fair Credit Reporting Act of 1970 was enacted to address privacy concerns. Among its provisions, it provides consumers with:

- the right to review their credit file, have information verified and erroneous information deleted;
- the right, in the event of an adverse credit decision, to be notified of the address of the reporting agency and to receive a free copy of the report;
- the right to know who has received a report; and
- the right to include an explanatory statement on disputed items in the consumer's file.

Additionally, the FCRA limits use of this data to credit grantors and others with a legitimate need for such information, and requires that adverse information be deleted after seven years, and bankruptcies after ten years.

A Need For Refinement?

The Consumer Bankers Association (CBA) believes that the FCRA has well served consumer and industry interests during the almost two decades since its passage. In our view, the FCRA is not in need of substantial overhaul. CBA acknowledges, however, that it may be appropriate to refine the FCRA to some extent in light of modern computerized credit reporting practices and marketplace developments which have evolved over the past twenty years.

This changing environment justifies a review of the FCRA to assure that it continues to achieve its goals. Those goals are generally to assure a ready flow of accurate credit information to facilitate commerce, while also assuring that consumers have knowledge about, and reasonable control over, that flow of information. Consumer privacy interests are also to be respected by limiting consumer credit reports to legitimate purposes.

As noted above, we believe the FCRA and credit reporting industry continue to meet these objectives in both substance and practice.

Any refinements of the FCRA, therefore, ought to be built on the same premises that underlie the original Act.

Some Revisions Warranted

Specific provisions may need to be changed to address new operational questions, or to clarify compliance responsibilities. But the current clamor for new consumer protections in the FCRA should not be allowed to unbalance the Act to such a degree that the credit granting industry (and other legitimate users of consumer reports) must incur exorbitant costs, or risks, in obtaining and using customer information for proper business purposes. This result would equally disserve both business and consumer interests.

The FCRA generally limits the availability of credit files and other consumer reports for credit, employment and insurance purposes, or other instances of "*legitimate business need*". It may be desirable to clarify the range of these permissible purposes, and to review security requirements to prevent unauthorized access to credit files. For example, credit reports often are used in connection with lease approvals and check cashing authorizations. These and perhaps other patterns seem clearly legitimate uses, while others may be suspect.

The use of credit files to prescreen or develop customized mailing lists for general marketing purposes raises new privacy issues that have not been fully examined. But an important consideration is to avoid unreasonable constraints on the commercial use of customer information, especially anti-competitive constraints focused solely on banks or other limitations depriving consumers of desirable services.

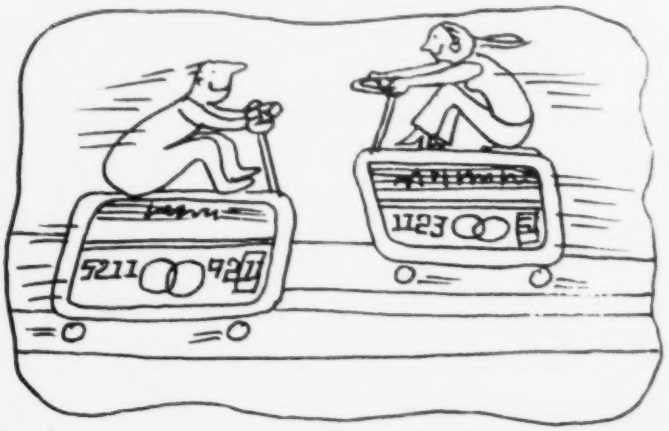
continued on page 6

The Fair Credit Reporting Act (FCRA): A Remarkable Success

Walter R. Kurth, *President, Associated Credit Bureaus, Inc.*

American citizens enjoy the highest standard of living in the world. Our access to housing, transportation, clothing, household appliances and education are the envy of the world. Few would disagree that our economy is powered by the consumer, and few would disagree that much of that power comes from our strong consumer credit system. Nowhere else in the world does credit play such a strong role.

We have a remarkable credit system in the United States and the role of credit bureaus in that system is critical. When a lender makes a decision on whether to grant credit to an individual, he or she does so based largely on whether the credit grantor expects to get repaid on a timely basis. Credit bureaus are the repositories for credit histories of individuals – what products they have bought on credit and the timeliness with which they have repayed balances. Our automated credit bureaus make it possible for consumers to shop for credit from lenders both in and outside their own communities, find the best combination of terms and rate, and have confidence that the lender will have a reliable credit history on which to base a decision. Furthermore, our modern credit bureaus make it possible for families to move thousands of miles and still have a credit history that local lenders may rely upon. Without credit bureaus none of this would be possible.



Bureaus Provide Accuracy And Service

The nation's consumer reporting agencies have used modern technology to meet the needs of commerce and consumers with fairness and impartiality. Considering that more than two billion items of information flow through the credit bureau computers each month, and considering the millions of individual unique circumstances credit bureaus are expected to deal with daily, the industry has an outstanding record for accuracy.

The real story to be told here is that 143 million credit reports are being issued today to thousands of credit grantors who depend on the information to make marketplace decisions. Those daily credit decisions put consumers in new cars and in new homes. Everyone's quality of life is enhanced by credit bureau information and by the quality of service they provide.

Significant Consumer Rights

For more than 18 years the Fair Credit Reporting Act, or FCRA, has guaranteed consumers significant rights relating to their credit records. Among these are:

- The right to full disclosure of everything in their credit reports;
- The right to question the accuracy of any item in the report, have it reverified and corrected if it is wrong;
- The right to enter on the record a statement of dispute challenging the accuracy of any information in the file.

The FCRA also established principles and responsibilities for the legitimate use of consumer credit information, reasonable procedures for maintaining accuracy and consumer privacy and criminal penalties for violations of the law.

Those of us in the credit industry who have lived and worked with the FCRA for nearly two decades are well aware of how the law has benefited consumers. We can measure the degree of accuracy of consumer credit records by looking at the following facts.

High Rate Of Accuracy

Nine million consumers asked for and received disclosure of the information in their credit reports last year. Of this nine million, fewer than three million asked for reverification of information in the file. Significantly, less than one half of one percent of the 450 million reports issued last year had to be changed as a result of reinvestigation, and these changes were not all made because the information in the file was inaccurate.

Credit bureaus and credit grantors benefit only when consumers do. Credit bureaus have a vested interest in providing accurate information and credit grantors have a vested interest in granting credit, not denying credit. Credit bureaus and credit grantors also have a vested interest in consumer privacy. The FCRA provides criminal penalties for anyone who obtains personal consumer credit history information illegally. Credit bureaus support strict enforcement of this provision. The credit re-

continued on page 7

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Revisit Law To Protect Peoples' Credit Records

Janlori Goldman, *Staff Attorney, ACLU Project on Privacy and Technology*

The time has come for Congress to take a fresh look at the use of peoples' credit records. Congress did take an important step forward in enacting the Fair Credit Reporting Act (FCRA) in 1970, but the inherent weaknesses in that law, coupled with the changes in the industry, have resulted in a loss to consumers of control over their information and decisions affecting important areas of their lives.

The American Civil Liberties Union (ACLU) believes, as does the majority of the American public, that privacy is an enduring and cherished value and that legislation is necessary to protect personal, sensitive information. A *Trends and Forecasts* survey released in May 1989 documented that seven out of ten consumers feel that personal privacy is very important to them, with many stating that they fear their privacy is in jeopardy. Half of the people surveyed believe new laws are needed to protect privacy. Consumers gave credit bureaus and market researchers the lowest ratings for protecting the confidentiality of information about individuals.

The right to privacy protection for personal information has grown increasingly vulnerable with the growth of advanced information technology. The new technologies not only foster more intrusive data collection, but make possible increased demands for personal, sensitive information. Private commercial interests, such as consumer reporting agencies, are expanding the collection and use of personal information to diversify services, most notably in the sale of information for marketing purposes.

Most consumers are not even aware of how the credit reporting industry operates, what information is collected, how it is used, and to whom it may be made available. We now live in a credit-based society, a society in which there is an ever-increasing demand for detailed, personal information. A number of industries service this demand, including consumer reporting agencies, often without comprehensive government regulation or oversight.

Fortunately, Congress is committed to revisiting the FCRA. In September 1989 the House Subcommittee on Consumer Affairs held a comprehensive, day-long hearing on the Act to begin creating a solid record for identifying problems and weaknesses in the law.

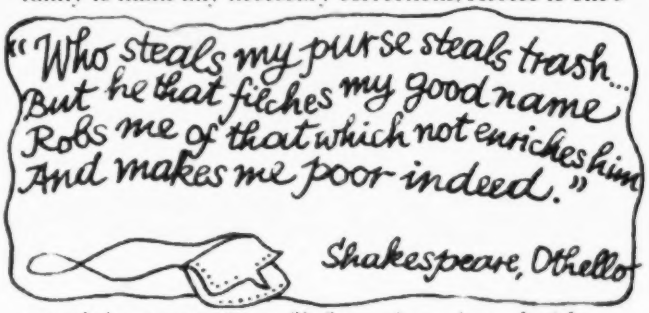
At that hearing, the ACLU recommended a number of changes.

Consumer Access To Records

Currently, the FCRA gives individuals the right to find out the "*nature and substance*" of the information maintained on him/her by a consumer reporting agency. The agency must provide the information free of charge if the consumer makes the request within 30 days of receiving an adverse credit decision based on an agency's report. Otherwise, the agency may charge a fee for responding to a request for information. Under no circumstances may an individual know about medical information contained in his/her file. Consumers may also receive a list of those who have received their credit report in the past six months.

The ACLU believes the Act should be fixed to give consumers the right to receive a copy of their complete credit report from consumer reporting agencies at any time, at no charge. Individuals should automatically be provided with a copy of their records, including medical information, whenever information on them is disclosed to a requestor. In addition, credit grantors should not be prohibited from informing consumers about the contents of a report received on them, but should be required to provide consumers with whatever information they have received and used as the basis for making a credit (or employment or insurance) decision.

Granting consumer access to their records *before* an adverse decision is made would be a preventive measure, allowing individuals to know what information on them may be disclosed, and providing them with an opportunity to make any necessary corrections. Access to one's


"Who steals my purse steals trash...
But he that filches my good name
Robs me of that which not enriches him
And makes me poor indeed."
Shakespeare, Othello

records is a cornerstone of information privacy legislation, and is a key element of fair information practices. Access is essential to put individuals on notice that a record about them exists, that these records are being disclosed to others, and to give individuals the opportunity to correct, complete, update or object to the information. Without meaningful access, individuals are unable to exercise any control over information about them held by others.

continued on page 7

Holstein *continued from page 2*

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Fixing The System

Although the credit bureaus have extensive rules and procedures governing access to their files, they face a dilemma. Consumers and the law say that access to personal credit information should be strictly controlled, but the credit bureaus' paying customers — the users of credit data — want the freest possible access. And that is why it is time for Congress to bring the outdated Fair Credit Reporting Act up to date with tough new privacy standards, penalties and consumer protections. Here are a few suggestions to get them started:

1. Permit consumers to block access to their credit reports by anyone who does not have their permission to see them.

2. Require the credit bureaus to disclose to consumers the exact name and address of any individual who requests their credit report, the date of the request and the purpose.

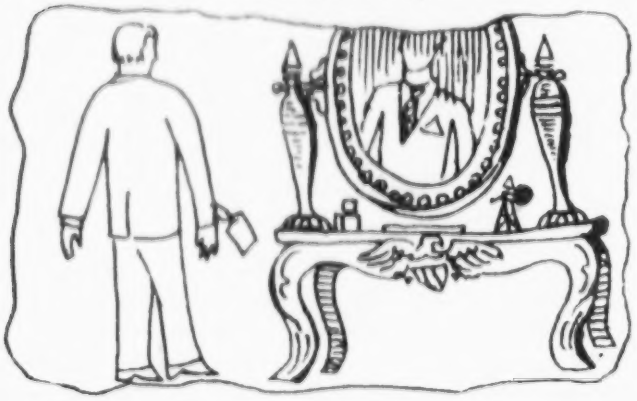
3. Provide consumers with free copies upon request of their credit reports, which currently can cost $15 (unless you have recently been turned down for a loan in which case, by law, it is free).

4. Require lenders and credit bureaus to disclose in plain English consumers' rights to see their credit reports and to dispute inaccuracies in them.

5. Require subscribers to notify consumers of the name and address of any credit bureau(s) to which they report negative information about them, such as late payment of a credit card bill. Give consumers the right to dispute such information directly with the subscriber and if the consumer is right, require the subscriber to report the error to all the credit bureaus to which it previously had reported the inaccuracy.

6. Require credit bureaus and those who report information to them about consumers to take into consideration evidence provided by consumers that negative information on a credit report is in fact inaccurate.

With a few basic changes like the ones mentioned here, Americans can be reassured that the information about their personal financial lives will remain confidential and accurate. And Dan Quayle won't have to worry about the whole world knowing how much he spends at Brooks Brothers and how much (more) he spends at Sears.



Ulrich *continued from page 3*

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Complete And Accurate Credit Reports Essential To Establishing Creditworthiness

It is in everyone's interest for credit files to be as complete and accurate as possible. Bankers are supporting an effort to standardize credit report formatting, and to include in the information network all credit grantors, some of whom have not previously participated as suppliers or users of information. This will make credit reports more complete and accurate as indicators of creditworthiness. This is particularly important as banks and other creditors automate the credit approval process in order to provide more speedy credit approvals to customers.

Bankers are looking for as much information as possible, both credit and non-credit related, to develop profiles of applicants and of existing customers. They also are interested in computer models that may predict credit problems. Rising losses from bankruptcies and unexpected credit problems are increasing banker interest in this type of model. These efforts have as their goal not only the reduction of bank losses, but the avoidance of an unfair subsidy when good customers bear the costs of defaults by other customers.

FCRA revisions may be in order to give consumers more information about their credit files. This could include broader disclosure that credit reports are involved in the credit decision and the statutory right to see the actual file rather than just its "*nature and substance*".

The FCRA generally limits to seven years the time derogatory credit information may be kept in a file. This has been challenged as too long a period in several jurisdictions. While it is understandable that some information becomes less relevant with the passage of time, the fact is that some information (e.g., a single late payment) may be stale in a few months, while other facts (e.g., bankruptcy) may be relevant to current credit decisions for a longer period. Any changes to the "*staleness*" rules need to accommodate creditor needs in this regard, while also recognizing the consumer's desire to "*heal*" the record over time.

Finally, it may be appropriate to review and strengthen penalties and enforcement capabilities against persons who gain unauthorized access to credit files.

In conclusion, neither the goals nor substance of the FCRA are in need of significant revision. The FCRA is the classic case of "*what ain't broke don't need fixin'*". Limited refinements, focused on technological and marketplace changes since the law's enactment, may merit some consideration. Any revisions should, however, be limited to clarifications of existing law, and not become a burdensome, costly and unwarranted re-working of the FCRA.

Kurth *continued from page 4*

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porting industry recommends to Congress that the Justice Department vigorously prosecute FCRA violations and the penalties for violation should be increased dramatically.

It Has Worked Well

In summary, we in the United States have an excellent consumer credit system. It allows individuals the power that comes from readily available credit in a truly competitive marketplace. Such a system would not be possible without consumer credit reporting agencies. For better than 18 years the FCRA has allowed this system to grow to the benefit of consumers, while protecting consumers from abuse. While there might be room for improvement in the FCRA on matters such as increased penalties for violations, the law has worked well. U.S. consumers and credit grantors are well served by a remarkably accurate consumer credit reporting industry and a remarkably effective Fair Credit Reporting Act.

Goldman *continued from page 5*

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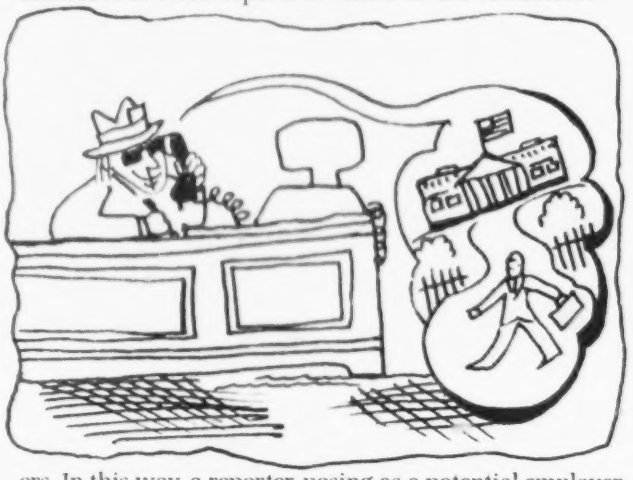
Disclosure To Third Parties

Under the Act, consumer reporting agencies may disclose a consumer report to anyone "*which it has reason to believe*" intends to use the information for credit, employment, insurance or licensing purposes, or if the requestor has a "*legitimate business need for the information in connection with a business transaction involving the consumer*".

These categories under the Act are so broad as to provide almost no guarantee of confidentiality for consumers. Further, there is no requirement that agencies first verify the identity and purpose of a requestor before disclosing information. In fact, as reported in a recent article in *Business Week*, some agencies make their entire databases of credit reports available *on-line* to subscribers. In this way, a reporter, posing as a potential employer, delved into Vice-President Quayle's credit report.



The Act should be amended to require that consumer reporting agencies first obtain an individual's actual consent before disclosing information to a third party. The consent could be obtained by either the agency or the third party at the time of application for credit or other benefits. Consent is another central element of fair information practices policy that gives individuals some degree of control over their information. Consent, like access, also provides individuals with notice of a particular activity.

Further, consumer reporting agencies should be prohibited from providing information on an individual for purposes unrelated to granting credit, without first soliciting explicit authorization from the individual. In addition, credit grantors should be barred from receiving information from the agencies without informed consent from the applicant.

Unreliable Records

The Act requires agencies to adopt "*reasonable procedures*" to assure the accuracy of information they provide to subscribers. After a period of time, certain types of information, such as bankruptcies, judgments, liens and criminal histories, are considered "*obsolete*" and may not be disclosed. If an individual is unsuccessful in getting an

continued on page 12

INDEX to *"AT HOME WITH CONSUMERS"*, Volumes 1, 2, 3, 4, 5, 6, 7, 8, 9 and 10

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Accelerated Natural Gas Decontrol: Is it in the Consumer's Best Interest? Pro: Christopher Palmer, Director of Energy and Environment, National Audubon Society; Con: Robert A. Hefner, III, Managing Partner, The GHX Companies. 7/82, Vol. 3, No. 2 .

Adjustable Rate Mortgages: Are they in the consumer interest? Pro: Rollin D. Barnard, President, United States League of Savings Associations and John R. Wood, President, National Association of Realtors; Con: David I. Greenberg, (former) Legislative Representative, Consumer Federation of America and Allen J. Fishbein, Director, Neighborhood Revitalization Project, Center for Community Change. 9/81, Vol. 2, No. 4 (out of print).

Amusement Parks: Should CPSC's Authority Be Restored? Pro: Stuart M. Statler, Commissioner, Consumer Product Safety Commission and Congressman Henry A. Waxman, Chairman, House Subcommittee on Health and the Environment; Con: Congressman William E. Dannemeyer, Member, Subcommittee on Health and the Environment and John R. Graff, Executive Director and Counsel, International Association of Amusement Parks and Attractions. 3/86, Vol. 7, No. 1.

Are Credit Card Rates Too High? Pro: Congressman Charles E. Schumer, Member, House Banking Committee and Elgie Holstein, Director, Bankcard Holders of America; Con: Jerry D. Craft, Chairman, Retail Electronic Services and Bank Card Division, American Bankers Association, and Senior Vice President, First National Bank of America and Tracy Mullin, Senior Vice President, Government Affairs, National Retail Merchants Association. 5/87, Vol. 8, No. 1 (out of print).

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Bankruptcy: Are Reforms Needed? Pro: Congressman Billy Lee Evans, (former) Member, House Subcommittee on Monopolies and Commercial Law and Robert E. Gibson, President, National Foundation for Consumer Credit; Con: H. Robert Erwin, Jr., Assistant Attorney General and Chief of the Consumer Protection Division, State of Maryland. 4/82, Vol. 3, No. 1.

Car Insurance: Are Rates Too High? Pro: Stephen Brobeck, Executive Director, Consumer Federation of America and J. Robert Hunter, President, National Insurance Consumer Organization; Con: William B. Snyder, Chairman, GEICO Corporation and Mechlin D. Moore, President, Insurance Information Institute. 4/89, Vol. 10, No. 1 (out of print).

Child Care: Is the Act for Better Child Care Services the Answer? Pro: Jane King, Deputy Director, National Consumers League and Helen Bank, Director, Child Care Division, The Children's Defense Fund; Con: Virginia Lamp Thomas, Manager, Employee Relations, U.S. Chamber of Commerce and Ann McLaughlin, Secretary of Labor. 8/88, Vol. 9, No. 2.

Credit Surcharges: Incentive For Cash Or Instant Inflation? Pro: Senator William Proxmire, Ranking Minority Leader, Senate Banking, Housing and Urban Affairs Committee and George R. McGregor, General Credit Manager, Standard Oil Company of California; Con: Congressman Frank Annunzio, Chairman, Subcommittee on Consumer Affairs and Coinage of the House Committee on Banking, Finance and Urban Affairs and Meredith M.

Fernstrom, Senior Vice President, Public Responsibility, American Express Company. 12/83, Vol. 4, No. 4.

Department of Energy: Do we need it? Pro: Eliot R. Cutler, Attorney, Webster & Sheffield and Tina Hobson (former) Director, Office of Consumer Affairs, Department of Energy; Con: Congressman Harold C. Cap Hollenbeck, (former) Ranking Minority Member, Research and Technology Subcommittee and Milton Copulos, Policy Analyst, Heritage Foundation. 1/81, Vol. 2, No. 2.

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Food Safety Laws: Are they Obsolete? Pro: Rodney E. Leonard, Executive Director, Community Nutrition Institute and Stuart M. Pape, Esq., Patton, Boggs and Blow; Con: Sanford A. Miller, Ph.D., Director, Center for Food Safety and Applied Nutrition, Food and Drug Administration and William B. Schultz, Esq., Public Citizen Litigation Group. 6/85, Vol. 6, No. 1.

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Illinois Brick Issue: Pro: Senator Edward M. Kennedy, (former) Chairman, Senate Judiciary Committee and Esther Peterson, (former) Special Assistant to the President for Consumer Affairs; Con: Jeffrey H. Joseph, Director of Government and Regulatory Affairs, Chamber of Commerce of the United States and Hardy Nathan, Legislative Specialist, Food Marketing Institute. 6/79, Vol. 1, No. 1 (out of print).

Intervenor Funding: Public Participation in Rulemaking; Pro: Senator Edward M. Kennedy, (former) Chairman Senate Judiciary Committee and Sandra L. Willet, (former) Executive Vice-President, National Consumers League; Con: Senator Alan K. Simpson, Member, Senate Judiciary Committee and Mark Schultz, Regulatory Affairs Attorney, Chamber of Commerce of the United States. 1/80, Vol. 1, No. 3 (out of print).

Legislative Veto: Pro: Congressman Elliott H. Levitas, Chairman, Public Buildings and Grounds Subcommittee of the House Public Works and Transportation Committee; and Albert D. Bourland, Senior Washington Representative, General Motors Corporation; Con:

Richard Neustadt, (former) Assistant Director, Domestic Policy Staff, The White House and Kathleen F. O'Reilly, (former) Executive Director, Consumer Federation of America. 11/79, Vol. 1, No. 2.

Local Measured Service: Fair or unfair? Pro: Walter B. Kelley, Vice President, Tariffs and Costs Department, American Telephone and Telegraph Company; Con: Walter T. Dartland, (former) Consumer Advocate, Office of the Consumer Advocate, Metropolitan Dade County, Florida. 12/81, Vol. 2, No. 5.

Mergers: Are they in the Public Interest? Pro: James T. Miller, III, (former) Chairman, Federal Trade Commission and William Agee, (former) Chairman and Chief Executive Officer, Bendix Corporation; Con: Stephen Brobeck, Executive Director, Consumer Federation of America and Henry B. Schechter, Deputy Director, Department of Economic Research, AFL-CIO. 12/82, Vol. 3, No. 4.

Product Liability: Should there be a Federal Law? Pro: Senator Robert W. Kasten, Jr., Chairman of the Consumer Subcommittee, Senate Commerce, Science and Transportation Committee and Victor E. Schwartz, Esq., Partner, Crowell and Moring and Counsel, Product Liability Alliance and Sara B. Glenn, Esq., Associate, Crowell and Moring; Con: Joan Claybrook, President, Public Citizen and David I. Greenburg, (former) Legislative Director, Consumer Federation of America. 3/84, Vol. 5, No. 1.

Professionals: Should they be treated as businesses? Pro: Michael Pertschuk, (former) Commissioner, Federal Trade Commission and Joel Hyatt, Senior Partner, Hyatt Legal Services; Con: Peter Megargee Brown, Esq., Partner, Brown and Seymour and Blake Tartt, President, State Bar of Texas. 6/84, Vol. 5, No. 2.

Right-To-Know: Are existing chemical hazards disclosures inadequate? Pro: Barbara F. Warden, (former) Executive Director, National Consumers League; Con: Geraldine V. Cox, Ph.D., Vice President-Technical Director, Chemical Manufacturers Association. 9/83, Vol. 4, No. 3.

Should Catastrophic Health Coverage Be Comprehensive? Pro: Sheldon K. Gulinson, President, Hospital Council of Northern California and Linda F. Golodner, Executive Director, National Consumers League; Con: James A. Klein, Manager, Pension and Employee Benefits, U.S. Chamber of Commerce and James C. Miller, III, Director, U.S. Office of Management and Budget. 8/87, Vol. 8, No. 2.

Should The Government Subsidize Consumer Data Bases? Pro: Mary Gardiner Jones, President, Consumer Interest Research Institute; Con: Christopher Burns, President, Christopher Burns, Inc. Background: Robert Lee Chartrand, Senior Specialist in Information Policy and Technology, Congressional Research Service, Library of Congress. 11/86, Vol. 7, No. 3.

Should The Public Finance Congressional Election Campaigns? Pro: Senator Charles McC. Mathias, Jr., Chairman, U.S. Senate Committee on Rules and Administration and Fred Wertheimer, President, Common Cause; Con: Congressman Bill Frenzl,

Ranking Minority Member, Committee on House Administration and Michael J. Malbin, Ph.D., Resident Fellow, American Enterprise Institute for Public Policy Research. 12/85, Vol. 6, No. 3.

Should There Be A Cap On Liability Insurance? Pro: Darrell Coover, Senior Vice President, Government Relations, National Association of Independent Insurers and Douglas A. Riggs, General Counsel, U.S. Department of Commerce; Con: Peter Perlman, Esq., President, The Association of Trial Lawyers of America and J. Robert Hunter, President, National Insurance Consumer Organization. 3/86, Vol. 7, No. 2.

Social Security: Are administration proposals reasonable? Pro: Richard S. Schweiker, (former) Secretary of Health and Human Services and Tom Donohue, President, Citizen's Choice; Con: William J. Driver, (former) U.S. Social Security Commissioner and James Hacking, Assistant Legislative Counsel to the NRTA/AARP. Background: Congressman J.J. Pickle, Chairman, Subcommittee on Social Security. 7/81, Vol. 2, No. 3 (out of print).

The Value Added Tax: Problem or solution? Pro: Congressman Al Ullman, (former) Chairman, House Ways and Means Committee; Con: Congressman Barber B. Conable, Jr., (former) Member, House Ways and Means and Budget Committee. Background: Robert R. Nathan, Chairman of the Board, Robert R. Nathan Associates, Inc. 4/80, Vol. 1, No. 4 (out of print).

Wage and Price Controls: Law or laissez-faire? Pro: William W. Winpisinger, President, International Association of Machinists and Aerospace Workers; Con: Alfred E. Kahn, (former) Advisor to the President on Inflation. 10/80, Vol. 2, No. 1.

Whither Consumerism? Authors: Stephen Brobeck, Executive Director, Consumer Federation of America; James S. Turner, Esq., Partner, Swankin and Turner; Jeremiah P. Sheehan, Director for Consumer Affairs, Commission of the European Communities; Irene K. Williamson, (former) Director, Corporate Affairs, Avon Products, Inc.; Stewart Munro Lee, Chairman, Department of Economics and Business Administration, Geneva College; Hideki Nakahara, Avon Products Co., Ltd., Japan. 12/84, Vol. 5, No. 4.

Will Choice in Education Improve Our Schools? Pro: Dr. Bonnie Guiton, Special Adviser to the President for Consumer Affairs, Office of Special Adviser to the President for Consumer Affairs; Con: Bruce Hunter, Associate Executive Director of Governmental Relations, American Association of School Administrators. 9/89, Vol. 10, No. 2.

Will Consumers Benefit If Health Insurers Adopt The Recommendations of the Harvard RBRVS? Pro: Joseph M. Boyle, MD, Executive Vice President, American Society of Internal Medicine and Henry A. Waxman, Chairman, House Subcommittee on Health and the Environment; Con: Fortney H. (Pete) Stark, Chairman, Ways and Means Subcommittee on Health and Charles R. Proctor, Multinational Business Services, Inc. 12/88, Vol. 9, No. 3.

Will The President's Tax Reform Proposal Help Middle Income Consumers? Pro: Richard W. Rahn, Vice-President and Chief Economist, Chamber of Commerce of the United States of America; Con: Bruce L. Fisher, Illinois Director, Citizens for Tax Justice. 9/85, Vol. 6, No. 2.

Goldman *continued from page 7*

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agency to correct or purge information in his/her credit report, the individual may file an explanatory note of the dispute with the agency. The agency is only required to notify subscribers that such a note exists. The obligation to provide the note arises when the subscriber actually requests it.

In the area of data quality, the Act is sorely in need of strengthening. The term "*reasonable procedures*" is too vague and the interpretation of it has always favored the industry. The Act should mandate the periodic auditing and purging of records. Information should not be disclosed until it has been verified. Corrected errors should be reported to those who have received the inaccurate information. Notices of disputes filed by consumers must be made a part of the consumer's report.

The disclosure of inaccurate records can result in serious consequences for consumers. They can be denied employment, insurance, credit and other opportunities. It is very difficult to battle the perceptions created by damaging information once it is disclosed. As reported in *Privacy in America*, written by the former Chair of the Privacy Protection Study Commission, one-third of all consumers who examine their files find mistakes.

In sum, the burden of maintaining accurate and complete records should be removed from the individual, who is in the worst position to see and correct records, and placed on those who collect, hold and disseminate information for profit. In addition, the collection of certain

types of highly personal, sensitive information should be limited.

Enforcement And Oversight

The Act charges the Federal Trade Commission (FTC) with enforcement of the Act. While the FTC receives and responds to consumer complaints on an ad hoc basis, no formal mechanism exists for the FTC to regularly engage in enforcement or oversight activities. We believe that the Act should require the FTC to maintain and index consumer complaints in an electronic form. In addition, consumer reporting agencies should be mandated to file with the FTC information regarding industry practices and services. The FTC should be given broader enforcement powers, and the agency should play a more active role in mediating disputes between consumers and consumer reporting agencies. Finally, the FTC should report annually to the relevant oversight committees in Congress as to the effectiveness of the Act and any new developments.

Conclusion

There is no better time than now to revisit the FCRA to update and strengthen the law to protect peoples' privacy interests in their credit records. New technologies are fostering new industries that threaten individual privacy and integrity. Nearly twenty years after its passage, the FCRA deserves a fresh look.

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